

An Analysis of the Fiscal Budget for Vande Bharat Express in 2026-27

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Abstract: Vande Bharat Express has become a prominent symbol of the modernisation of Indian Railways. It is an indigenously designed semi-high-speed train service intended to provide faster inter-city travel, improved passenger comfort, modern safety systems and a more contemporary railway experience. Its expansion must, however, be examined in the context of the larger fiscal framework of Indian Railways because expenditure on rolling stock is only one component of the total investment required. Tracks, signaling, electrification, stations, maintenance depots, safety technology and human resources are equally important. The Union Budget 2026–27 provides a record level of support to Indian Railways. The official Demand for Grants records a net capital provision of ₹2,77,830 crore (Demand for Grants) for the Ministry of Railways, while Government of India communications describe the broader capital expenditure/budgetary support for Railways as ₹2,93,030 crore(PIB). The difference arises from the accounting presentation and treatment of recoveries and other items. This report uses the official figures carefully and distinguishes between the gross budget grant/capex figure and the net capital provision. Recent official information shows the scale of Vande Bharat adoption. Approximately 3.98 crore passengers travelled on Vande Bharat services during FY 2025–26, compared with about 2.97 crore (Ministry of Railways) in FY 2024–25, representing growth of roughly 34 percent. Since inception, more than 9.1 crore (PIB) passenger journeys have been recorded through about one lakh trips. By 2026, Vande Bharat had expanded to a nationwide network, including the introduction of sleeper services. These figures indicate strong passenger acceptance, although passenger volume alone cannot establish profitability because route-wise cost, fare, subsidy, maintenance and infrastructure expenditure must also be considered. The fiscal analysis in this report therefore adopts a broader cost-benefit approach. It examines direct financial indicators such as passenger revenue and railway expenditure, and indirect benefits such as time savings, tourism, regional connectivity, employment, domestic manufacturing and technology development. The study finds that Vande Bharat is better understood as a strategic public infrastructure investment rather than simply as a premium passenger service whose success should be judged only by ticket revenue. The report concludes that continued expansion can be fiscally justified when routes are selected on the basis of demand, connectivity gaps, travel-time savings, infrastructure readiness and long-term economic potential. At the same time, investment should not undermine affordable conventional services. A balanced railway strategy should combine premium semi-high-speed trains such as Vande Bharat with affordable Amrit Bharat services, suburban and regional services, freight capacity expansion, safety investment and network modernisation.

Keywords: Budget, Vande Bharat, Railway Transport.

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I. INTRODUCTION

➤ Background of the Study

Railways occupy a central position in India's transport system. They provide mass passenger mobility, long-distance connectivity, freight transportation and an important foundation for industrial and regional development. The scale of the railway system means that government expenditure on railways has implications

beyond the transport sector. Railway investment affects employment, logistics, tourism, urban development, energy consumption and the spatial distribution of economic activity.

During the last decade, Indian Railways has increasingly focused on modernisation. Electrification, station redevelopment, new lines, track renewal, signalling upgrades, dedicated freight corridors, safety systems and

modern rolling stock have formed part of this transformation. Vande Bharat Express is one of the most visible outcomes of this policy. The service represents an attempt to provide semi-high-speed, modern inter-city rail travel using domestically developed technology and manufacturing capabilities.

The fiscal dimension of Vande Bharat is particularly relevant in 2026–27 because the Union Budget has provided a historically high level of capital support to Indian Railways. According to Demand for Grants & PIB Official budget documents place the net capital provision for the Ministry of Railways at ₹2,77,830 crore (Demand for Grants) while government communications refer to a broader railway capital expenditure/budgetary support figure of ₹2,93,030 crore (PIB). The large investment envelope creates opportunities for rolling-stock expansion, infrastructure improvement and the development of faster passenger services.

However, public expenditure should be assessed not merely by the size of the allocation but by the value created through that expenditure. A fiscal budget analysis asks whether expenditure contributes to productive assets, whether expected benefits justify costs, whether investments are sustainable, and whether public funds are being allocated in a manner consistent with wider social objectives. This report applies those questions to Vande Bharat Express.

➤ *Evolution of Vande Bharat Express*

The first Vande Bharat Express was launched in February 2019. It was conceived as an indigenous semi-high-speed train with modern passenger amenities, improved acceleration, regenerative braking, automatic doors, onboard information systems and contemporary interior design. The service was initially positioned as a premium alternative for important inter-city corridors.

Expansion accelerated as production capacity increased. Earlier Economic Survey material shows cumulative Vande Bharat train pairs increasing from 2 during 2018–22 to 10 in FY2023, 51 in FY2024 and 68 by October FY2025, with corresponding growth in coach production. By 2026, official Government of India communications reported 162 Vande Bharat chair-car services (Ministry of Railways) and two Vande Bharat sleeper services.

The introduction of sleeper Vande Bharat services represents an important change in the product strategy. Chair-car services are primarily suited to daytime inter-city journeys, whereas sleeper services allow the technology platform to be used on longer-distance overnight corridors. This potentially broadens the addressable market and allows faster overnight travel without requiring passengers to shift to air travel.

➤ *Need and Significance of the Study*

The need for this study arises from the scale of public expenditure associated with railway modernisation and the rapid expansion of Vande Bharat. Public discussion often

focuses on speed, comfort or the number of services. A fiscal analysis requires a wider perspective. It must connect the train service to capital expenditure, passenger revenue, operating costs, infrastructure requirements, safety expenditure and broader economic benefits.

- To understand the relationship between the Union Budget 2026–27 and railway modernisation.
- To examine the financial and economic dimensions of Vande Bharat expansion.
- To assess passenger demand and the evidence of public acceptance.
- To identify major fiscal opportunities and risks associated with continued expansion.
- To suggest measures for improving efficiency, accessibility and fiscal sustainability.

➤ *Statement of the Problem*

Vande Bharat requires substantial public investment in rolling stock and supporting infrastructure, while the direct revenue generated by individual services is not publicly presented as a separate, comprehensive profit-and-loss account. Indian Railways also performs a wider public-service role in which some passenger services are operated for social and connectivity objectives rather than commercial profit alone. The central problem of this study is therefore to determine how Vande Bharat should be evaluated within the fiscal structure of Indian Railways and whether its expansion can be considered economically and financially sustainable.

➤ *Research Questions*

- What is the scale and structure of railway expenditure under the Union Budget 2026–27?
- How has Vande Bharat expanded and what does passenger demand indicate about its acceptance?
- What are the principal direct and indirect costs associated with Vande Bharat?
- What economic benefits can arise from faster and more comfortable inter-city rail travel?
- How can Vande Bharat expansion be made fiscally sustainable while maintaining affordable railway services?

➤ *Scope of the Study*

The study covers the fiscal year 2026–27 and uses historical information where necessary to establish trends. It focuses on Indian Railways and Vande Bharat Express within the broader public-finance framework. The study examines capital allocation, passenger revenue, demand, safety, infrastructure, technology, regional connectivity and economic impacts. It does not attempt to calculate the confidential route-wise accounting profit of individual Vande Bharat services where such data are not publicly disclosed.

➤ *Conceptual Framework*

The conceptual framework treats Vande Bharat as a public infrastructure investment. Inputs include capital

expenditure, rolling stock, tracks, signalling, stations, maintenance facilities and human resources. Outputs include train services, passenger capacity, travel-time reduction and service quality. Outcomes include passenger revenue, increased mobility, tourism, productivity and regional development. The final impact is assessed through fiscal sustainability and social-economic value.

➤ Objectives of the Study

- To examine the fiscal priorities of Union Budget 2026–27 relating to Indian Railways.
- To study the development and expansion of Vande Bharat Express.
- To analyse passenger demand and revenue-related indicators associated with Vande Bharat.
- To examine capital, operational, maintenance and infrastructure considerations.

- To assess the wider economic and social benefits of Vande Bharat.
- To provide suggestions for financially responsible and socially balanced railway development.

II. REVIEW OF LITERATURE AND METHODOLOGY

➤ Introduction

A fiscal study of Vande Bharat requires literature from public finance, railway economics, infrastructure policy and transport planning. The literature reviewed for this study includes Government of India budget documents, Economic Survey material, railway financial reports, CAG audit reports, parliamentary information and analytical studies. These sources collectively provide evidence on railway finances, investment, passenger demand, operational efficiency and infrastructure priorities.

➤ Review of Literature

Table 1 Review of Literature

Source/Area	Major Contribution to the Study
Economic Survey of India 2025-26	The Economic Survey has consistently treated railway infrastructure as a major component of public investment and connectivity. Recent Survey material highlights network expansion, electrification, production of rolling stock, infrastructure commissioning and modernisation. It provides a macroeconomic context for understanding why railway capital expenditure can have multiplier effects through construction, manufacturing and logistics.
Union Budget 2026–27 and Railway Demand for Grants	The official Demand for Grants provides the most important fiscal baseline for this study. It presents revenue, capital and total expenditure, recoveries and receipts. The 2026–27 budget shows a net capital provision of ₹2,77,830 crore (Demand for Grants) for the Ministry of Railways, demonstrating the scale of government commitment to railway infrastructure.
Press Information Bureau – Ministry of Railways 2026	Government releases provide recent information on Vande Bharat passenger volumes, service expansion, sleeper services and the relationship between railway investment and modern rolling stock. The April 2026 release reported approximately 3.98 crore Vande Bharat passengers in FY2025–26, a 34 percent increase over the previous year.
CAG Reports on Railway Finances 2023-24/2024-25	CAG reports are important for understanding railway financial health, expenditure management and the limitations of assessing railway performance solely through gross investment. Audit observations reinforce the importance of efficiency, accountability, cost recovery and sound financial management.
PRS Legislative Research Demand for Grants 2026–27	PRS analysis of the Railway Demand for Grants provides a useful interpretation of revenue and expenditure. It notes that internal revenue is expected to remain heavily dependent on freight, while passenger revenue forms a smaller but growing share. This is important because Vande Bharat is part of passenger operations while Indian Railways as a whole is financially supported by a much wider revenue base.
Indian Railways Annual Reports and Accounts 2024-25	Railway annual reports provide financial ratios such as operating ratio, working ratio, passenger yield and freight yield. Historical figures demonstrate that passenger/coaching operations have often had a substantially higher cost-recovery challenge than freight operations. This is relevant when considering whether premium passenger services can cross-subsidise other operations or must be justified primarily through wider economic benefits.
Transport economics literature	Transport economics generally recognises time savings, reliability, accessibility, network effects and agglomeration benefits as important components of infrastructure appraisal. A rail project can create social value even where direct fare revenue does not fully recover total capital cost, provided the wider benefits exceed the social opportunity cost of public funds.

➤ Research Gap

Existing public information contains substantial data on railway budgets and the number of Vande Bharat services, but relatively less consolidated analysis links the 2026–27 fiscal allocation with the specific economic and financial implications of Vande Bharat. Much of the public

debate is descriptive, focusing on train speed, comfort or expansion. The research gap addressed by this study is therefore the integration of budgetary analysis, passenger demand, revenue considerations, infrastructure costs and socio-economic benefits into a single fiscal framework.

➤ Research Methodology

The study follows a descriptive and analytical research design. It is primarily based on secondary data. Official fiscal documents are used as the principal source for budget figures, while Ministry of Railways and PIB publications are used for current operational information. Historical railway financial indicators are used to establish trends.

➤ Sources of Data

- Union Budget 2026–27 documents of the Ministry of Finance.
- Demand for Grants of the Ministry of Railways.

- Railway expenditure, receipts and investment statements.
- Economic Survey 2025–26 and earlier Survey material.
- Press Information Bureau releases issued by the Ministry of Railways.
- CAG reports on Railway Finances.
- PRS Legislative Research analysis of Demand for Grants.
- Indian Railways Annual Reports and Accounts.
- Parliamentary questions and official annexures concerning passenger and Vande Bharat performance.

➤ Variables and Indicators

Table 2 Variables and Indicators

Variable	Indicator	Purpose
Fiscal allocation	Railway capital expenditure / budget support	Measures public investment capacity
Passenger demand	Passenger journeys and occupancy	Measures market acceptance
Revenue	Passenger revenue and traffic revenue	Assesses earning capacity
Cost	Capital, maintenance and operating expenditure	Assesses resource requirement
Infrastructure	Tracks, signalling, electrification and stations	Measures supporting investment
Safety	Kavach and safety expenditure	Assesses risk mitigation
Economic benefit	Time savings, tourism, connectivity, employment	Assesses wider social return
Sustainability	Energy efficiency and electrification	Assesses long-term environmental value

➤ Analytical Framework

The analysis uses trend comparison, descriptive statistics and qualitative cost-benefit assessment. Where appropriate, percentage change is calculated as: $\text{Percentage Change} = (\text{Current Value} - \text{Previous Value}) / \text{Previous Value} \times 100$. Fiscal interpretation distinguishes between budget estimates and actual expenditure. Because route-level cost data are not comprehensively published, the cost-benefit assessment is presented as a structured qualitative analysis rather than a claim of precise project-level net present value.

➤ Limitations of Methodology

The study is constrained by the availability and comparability of public data. Budget estimates can change during the year; passenger occupancy varies by route and season; and indirect benefits such as time savings and tourism are difficult to attribute solely to Vande Bharat. Accordingly, conclusions are framed as evidence-based

fiscal observations rather than audited profitability statements.

III. FISCAL BUDGET 2026–27 AND INDIAN RAILWAYS

➤ Overview of Union Budget 2026–27

The Union Budget 2026–27 places infrastructure and capital formation at the centre of economic policy. Indian Railways is a major beneficiary of this approach. The official railway Demand for Grants reports gross capital expenditure of ₹4,99,261.97 crore (Demand for Grants) before recoveries and receipts and a net capital provision of ₹2,77,830 crore. Government communications additionally describe a total railway budget grant/capital expenditure figure of ₹2,93,030 crore. For analytical accuracy, this report treats ₹2,77,830 crore as the net capital provision shown in the Demand for Grants and ₹2,93,030 crore as the broader budget grant/capex figure used in government communications.

Table 3 Overview of Union Budget 2026–27

Fiscal indicator	2025–26 BE/RE	2026–27 BE	Interpretation
Net capital provision	₹2,52,000 crore (PIB) (BE/RE)	₹2,77,830 crore (PIB)	Substantial increase in capital investment
Gross capital expenditure	₹4,40,234.79 crore (PIB) RE	₹4,99,261.97 crore (PIB)	Higher gross investment before recoveries
Net revenue provision	₹3,466.32 crore (PIB) mini	₹3,547.32 crore (PIB)	Revenue net after receipts/recoveries in Demand for Grants
Internal revenue	₹2,78,957.48 crore (PIB) RE	₹3,02,500 crore (PIB)	Greater dependence on internal railway earnings

➤ Railway Capital Expenditure

Capital expenditure is crucial because railway assets have long useful lives. Track, bridges, stations, signalling

systems, locomotives, coaches and maintenance facilities require large upfront investment but generate services over many years. The 2026–27 capital allocation therefore

represents more than a one-year spending programme; it is an investment in the productive capacity of the transport network.

Government information states that Gross Budgetary Support for capital investment in Railways has risen from about ₹29,055 crore in 2013–14 to ₹2.78 lakh crore in 2026–27. This dramatic increase indicates the scale of the modernisation strategy. It also creates a fiscal responsibility: the larger the investment programme, the greater the need for project prioritisation, monitoring and asset utilisation.

Table 4 Revenue and Expenditure Structure

Revenue component	2026–27 estimate	Approx. share of internal revenue	Fiscal implication
Freight	₹1.89 lakh crore (PRS)	62%	Primary revenue source
Passenger	₹87,300 crore (PRS)	29%	Growing but smaller than freight
Sundry/other	Balance	About 8%	Commercial and ancillary income

➤ Safety and Modernisation

Railway modernisation cannot be separated from safety. A faster train can deliver its benefits only when track quality, signalling, braking, train control and operational discipline are adequate. Government data indicate that railway expenditure on safety-related activities is estimated at ₹1,20,389 crore (Govt) in 2026–27. Kavach, India's indigenous automatic train protection system, is a major component of the technology-led safety programme.

As of July 2026, Kavach Version 4.0 had been commissioned on 2,633 route kilometres (Ministry of Railways), with major work progressing on the Delhi–Mumbai and Delhi–Howrah routes. This illustrates the supporting infrastructure needed to achieve safe higher-speed operations.

➤ Infrastructure and Capacity Creation

The expansion of Vande Bharat places additional demands on railway infrastructure. A semi-high-speed service cannot deliver its potential if it is repeatedly delayed by congestion from slower trains, inadequate turnouts, insufficient platform capacity or signalling limitations. Consequently, the fiscal impact of Vande Bharat extends to track doubling and quadrupling, signalling, station redevelopment, maintenance depots, power supply and timetable capacity.

Government information for 2026–27 identifies ₹79,072 crore (PIB) 1,20,389 crore (Ministry of railways) for construction of new tracks within the capital investment programme. Such network expansion has benefits for both passenger and freight operations and can therefore generate a broader return than a train-specific investment.

➤ Revenue and Expenditure Structure

Indian Railways has a distinctive financial structure because it performs both commercial and public-service functions. Freight operations remain the principal source of internal revenue, while passenger operations contribute a smaller share. PRS analysis of the 2026–27 Railway Demand for Grants estimates internal revenue of ₹3.02 lakh crore (PRS), with approximately 62 percent of traffic revenue coming from freight and about 29 percent from passenger services. Passenger revenue is therefore important but cannot be considered the sole financial foundation of the railway system.

➤ High-Speed and Semi-High-Speed Rail Strategy

Vande Bharat should be distinguished from true high-speed rail. Vande Bharat is a semi-high-speed train designed to operate on conventional railway infrastructure, subject to route conditions and permitted speeds. The Mumbai–Ahmedabad High-Speed Rail project is a separate technology and infrastructure category. The Union Budget 2026–27 also proposed seven high-speed rail corridors. The coexistence of conventional, semi-high-speed and high-speed strategies suggests a layered approach to national transport infrastructure.

➤ Fiscal Issues and Sustainability

The central fiscal issue is not simply whether Railways receives more money but whether the additional capital creates sufficient long-term value. Railway projects must compete for resources across passenger services, freight corridors, safety, electrification, track renewal, bridges, stations and new rolling stock. Vande Bharat therefore needs route selection based on evidence rather than uniform expansion. Another issue is the relationship between capital expenditure and revenue expenditure. New trainsets require maintenance, staffing, energy, cleaning, catering, depot facilities and periodic overhaul. A financially responsible strategy should consider life-cycle cost rather than acquisition cost alone.

IV. DATA ANALYSIS & INTERPRETATION

➤ Development and Expansion

The growth of Vande Bharat has been rapid. Official information reported 162 chair-car services and two sleeper services by July 2026. The network has expanded from a small number of flagship routes into a national portfolio covering major metropolitan centres²⁹, state capitals, tourism destinations and regional corridors.

Table 5 Development and Expansion

Indicator	Earlier/Previous position	2026 position	Observation
Vande Bharat passengers	2.97 crore in FY2024–25 (PIB)	3.98 crore in FY2025–26 (PIB)	Approx. 34% annual growth
Services	Rapidly expanding	162 chair-car + 2 sleeper services (Ministry)	Large-scale national

	network	of Railways)	presence
Cumulative passengers	—	Over 9.1 crore since inception (PIB)	Strong long-term adoption
Sleeper service	Not operational	Launched January 2026	Expands market to overnight travel

➤ Operational and Technological Features

Vande Bharat incorporates features designed to improve passenger experience and operational performance. These include modern interiors, automatic doors, improved acceleration, regenerative braking, onboard information systems, contemporary seating, improved lighting and passenger convenience features. Newer versions also include enhanced safety and passenger amenities.

The economic value of these features is not limited to comfort. Faster acceleration can reduce journey time on routes with frequent stops. Regenerative braking can improve energy efficiency. Modern systems can reduce certain forms of operational inefficiency and provide better passenger information. However, the benefits depend on route design, maintenance quality and actual utilisation.

➤ Passenger Demand

Passenger demand is one of the strongest indicators supporting the expansion of Vande Bharat. According to the Ministry of Railways, approximately 3.98 crore (Ministry of Railways) passengers travelled on Vande Bharat services in FY2025–26, up from approximately 2.97 crore (Ministry of Railways) in FY2024–25. This represents an increase of about 1.01 crore passengers and a growth rate of approximately 34 percent.

The official data also indicate that Vande Bharat had carried more than 9.1 crore (PIB) passengers through around one lakh trips since inception. The Vande Bharat sleeper service, introduced in January 2026, carried about 1.21 lakh

passengers across 119 trips (PIB) during its first three months, with reported occupancy of about 100 percent. Such figures suggest strong initial demand, although early occupancy should not automatically be treated as evidence of long-term profitability.

➤ Revenue Considerations

Vande Bharat contributes to Indian Railways passenger earnings, but a separate national revenue statement for all Vande Bharat services is not presented in the principal public budget documents. This is important because passenger revenue is affected by fare class, route length, occupancy, seasonality and service frequency. Revenue must therefore be analysed alongside costs.

Parliamentary information indicates that total Indian Railways passenger revenue increased from ₹63,417 crore (PIB) in 2022–23 to ₹70,693 crore (PIB) in 2023–24 and approximately ₹75,368 crore (PIB) provisionally in 2024–25. Vande Bharat is one contributor to this passenger revenue growth, particularly through premium and AC passenger demand.

➤ Cost and Investment Considerations

The fiscal cost of Vande Bharat includes more than the train set. A life-cycle cost framework includes: acquisition or manufacturing cost; depot and maintenance infrastructure; staff training; energy; cleaning and catering; spare parts; periodic overhaul; station modifications; signalling; track improvements; and opportunity cost of railway capacity.

Table 6 Cost and Investment Considerations

Cost category	Nature	Importance
Trainset manufacturing/acquisition	Capital	Creates the principal rolling-stock asset
Track and signalling	Capital	Enables safe and efficient higher-speed operations
Stations and platforms	Capital	Supports passenger handling and service reliability
Maintenance depots	Capital + recurring	Required for reliability and asset life
Energy	Recurring	Affected by speed, load and electricity prices
Staff and training	Recurring	Required for safe operations
Cleaning/catering/services	Recurring	Supports passenger experience
Renewal/overhaul	Long-term recurring	Preserves asset performance

➤ Cost-Benefit Analysis

A conventional financial cost-benefit analysis compares monetised costs and monetised revenues. For Vande Bharat, such an approach is incomplete because many benefits accrue outside railway accounts. A broader economic appraisal includes passenger time savings, reliability, tourism, employment, reduced road congestion and technology spillovers.

The first major benefit is time savings. If a passenger saves one or more hours on a journey, that time has

economic value. Business travellers may use the additional time productively, while leisure travellers may allocate more time to tourism or family activities. The value of time savings becomes particularly significant when multiplied across millions of passengers.

The second major benefit is network connectivity. Vande Bharat can connect regional centres with metropolitan cities more quickly, strengthening labour-market access, education, healthcare access and tourism.

These benefits can be especially valuable where air travel is expensive or where road journeys are long and congested.

The third benefit is industrial capability. Domestic manufacturing of trainsets, components, electronics and control systems can create technology capabilities and supply-chain employment. The value of such domestic production extends beyond the railway itself.

The main fiscal cost is the opportunity cost of public funds. Every rupee invested in Vande Bharat is a rupee that cannot simultaneously be used for another railway or public infrastructure project. Therefore, the strongest case for expansion exists where a Vande Bharat route provides high demand, meaningful travel-time savings, strong connectivity and adequate infrastructure utilisation.

➤ *Economic and Social Impact*

Vande Bharat has several potential macroeconomic and regional effects. Faster travel can enlarge effective labour markets by making same-day business and employment travel more feasible. Tourist destinations connected by faster services may receive more visitors. Hotels, restaurants, taxis, local transport providers and small businesses can benefit from additional passenger flows.

The social benefit is also connected with passenger comfort and reliability. Modern trains can make rail travel more attractive to passengers who might otherwise choose private cars, buses or short-haul flights. A shift from road to rail can reduce congestion and, depending on electricity generation and train utilisation, may reduce transport emissions per passenger-kilometer.

➤ *Environmental and Energy Dimensions*

Indian Railways has progressed rapidly with electrification, with official information reporting approximately 99.6 percent of the broad-gauge network electrified by July 2026 (Government of India). This provides a favourable foundation for modern electric trainsets. Vande Bharat's regenerative braking and electric propulsion can contribute to efficient energy use, although environmental performance ultimately depends on

electricity sources, passenger load factor, operating speed and route conditions.

Railway investment can also reduce reliance on road transport where passengers shift from private vehicles or buses. The environmental benefit is therefore strongest when high passenger occupancy and efficient train utilisation are achieved.

➤ *Challenges*

- High upfront capital expenditure and long asset payback periods.
- Need for route-specific infrastructure improvements.
- Competition for track capacity with conventional passenger and freight trains.
- Maintenance complexity associated with advanced train technology.
- Risk of under-utilisation on routes with insufficient sustained demand.
- Potential affordability concerns if premium services expand faster than affordable services.
- Need for adequate safety technology and signalling before increasing speeds.
- Requirement for reliable timetabling, punctuality and last-mile connectivity.

➤ *Fiscal Sustainability*

Fiscal sustainability requires that the long-term benefits of Vande Bharat exceed the economic opportunity cost of investment. It does not necessarily require each individual train to generate an accounting profit because railway infrastructure produces public benefits. Nevertheless, routes should have strong evidence of demand and should use assets efficiently.

A sustainable expansion model would use route-level financial and economic appraisal before introduction. Indicators should include expected occupancy, fare revenue, energy cost, maintenance cost, trainset utilisation, infrastructure capacity, journey-time savings and local economic impact. Periodic post-launch evaluation should compare actual results with the original appraisal.

Table 7 Growth in Vande Bharat Passenger Journeys Based on Ministry of Railways/PIB Data.

Financial Year	Passenger's Journeys (crore)
2024-25	2.97
2025-26	3.94

• *Interpretation:*

The table shows that Vande Bharat passenger journeys increased from 2.97 crore in FY 2024–25 to 3.94 crore in FY 2025–26, indicating a clear rise in passenger usage.

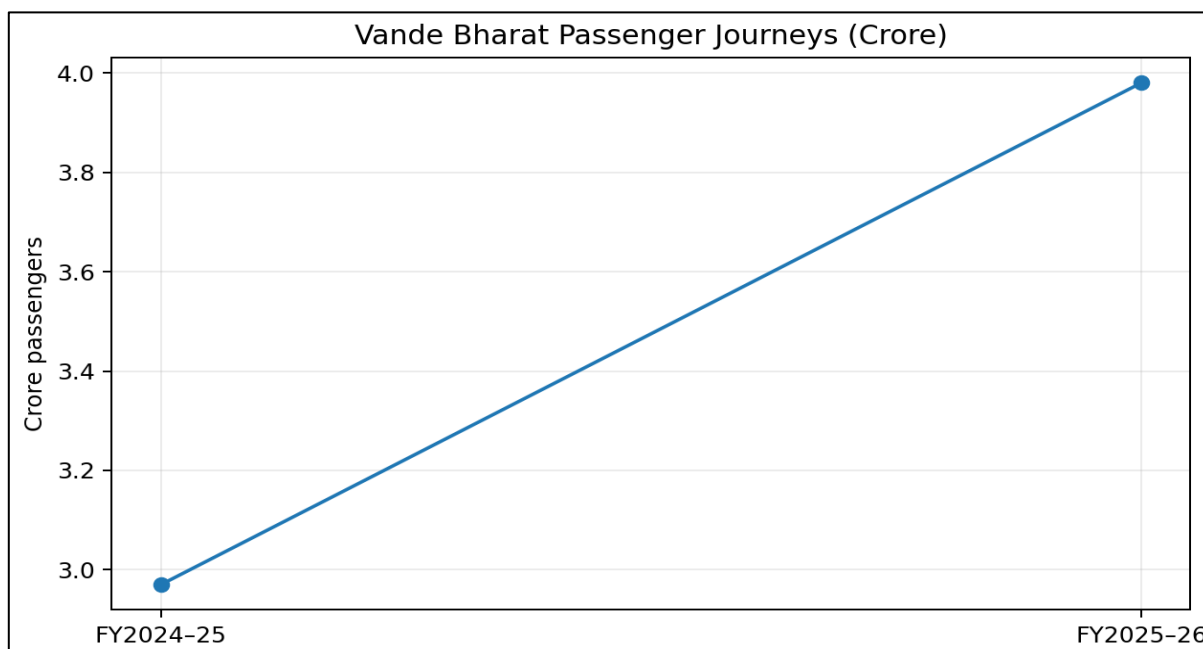


Fig 1 Growth in Vande Bharat Passenger Journeys Based on Ministry of Railways/PIB Data.

Table 8 Net Capital Provision Shown in the Railway Demand for Grants.

Financial Year	Budget estimate/ Revised estimate	Net Capital Provision (crore)
2025-26	Revised estimate (RE)	2,50,000
2026-27	Budget estimate (BE)	2,70,000

• **Interpretation:**

The table shows that the net capital provision for Indian Railways increased from ₹2,50,000 crore in 2025–26

(RE) to ₹2,70,000 crore in 2026–27 (BE). This indicates an increase in the proposed capital investment for railway development and infrastructure.

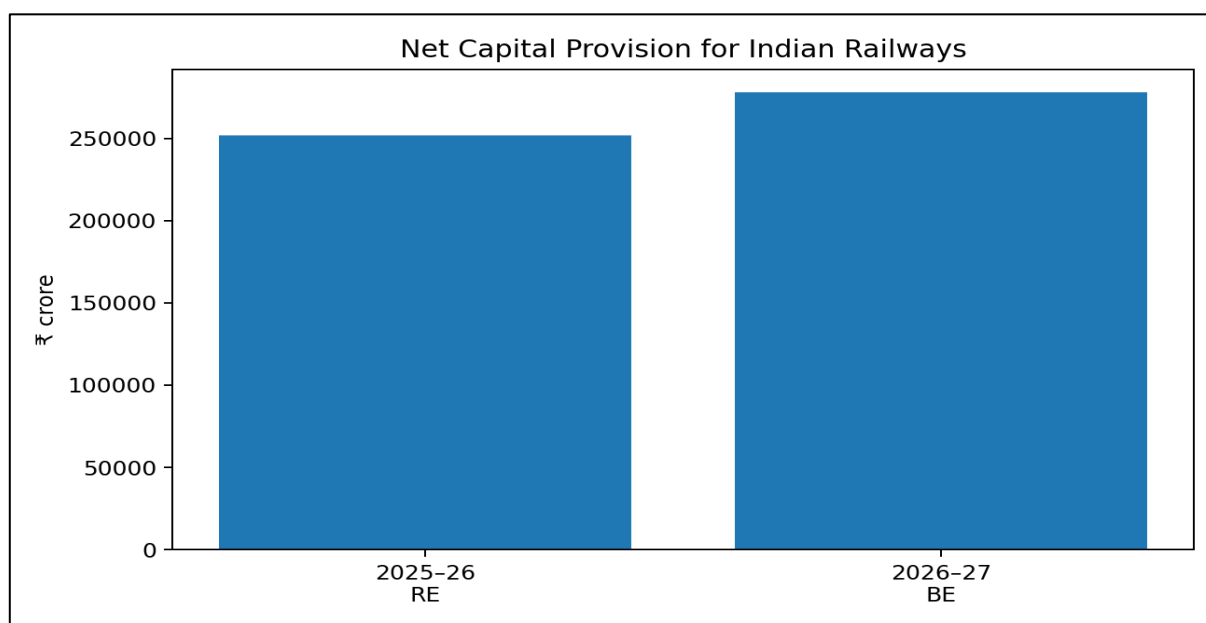


Fig 2 Net Capital Provision Shown in the Railway Demand for Grants.

Table 9 Estimated Composition of Railway Internal Revenue 2026-27

Source of Revenue	Estimated shares (%)
Freight	58%
Passenger	27%
Other	4%

- *Interpretation:*

The table shows that freight revenue forms the largest share, followed by passenger revenue. Other sources contribute a smaller share to the estimated internal revenue of Indian Railways.

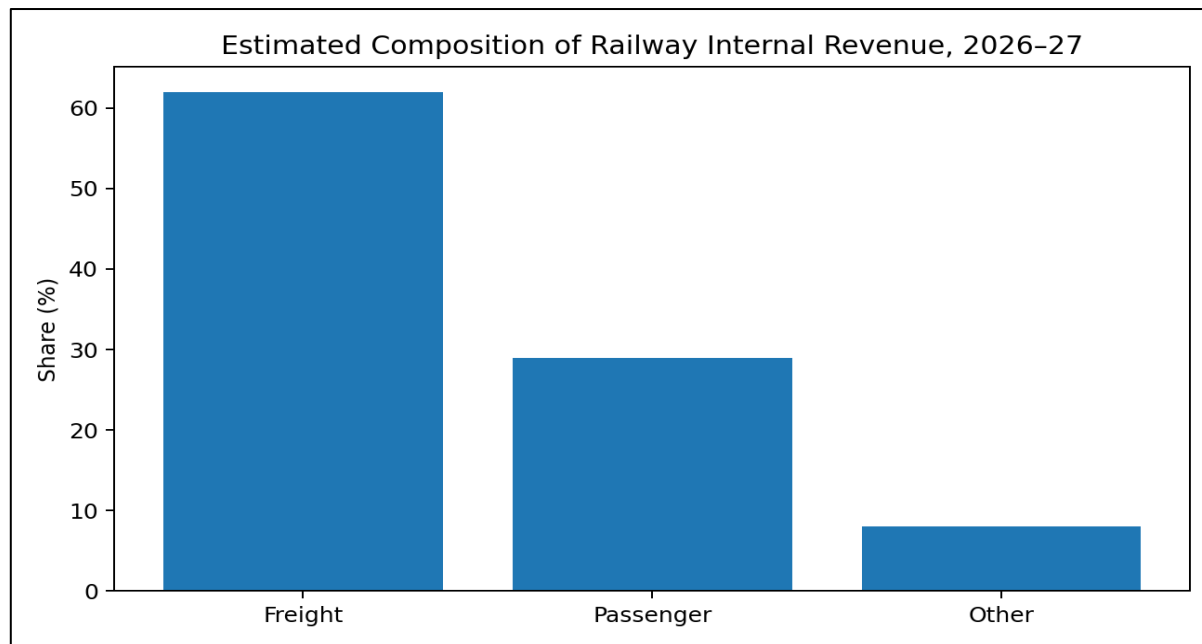


Fig 3 Estimated Composition of Railway Internal Revenue 2026-27

V. FINDINGS, SUGGESTIONS AND CONCLUSION

➤ Major Findings

- The Union Budget 2026–27 provides historically high capital support to Indian Railways, reflecting a policy of infrastructure-led railway modernisation.
- The official Demand for Grants reports a net capital provision of ₹2,77,830 crore (Demand for Grants) for the Ministry of Railways. Government communications refer to ₹2,93,030 crore (Government) as the broader railway capital expenditure/budget grant. The figures should be interpreted according to their accounting presentation rather than treated as contradictory allocations.
- Vande Bharat has moved from a limited flagship service to a national semi-high-speed network. By 2026, official information reported 162 chair-car services (PIB) and two sleeper services.
- Passenger demand has grown strongly. Approximately 3.98 crore (PIB) passengers travelled on Vande Bharat in FY2025–26, about 34 percent more than the previous year.
- Vande Bharat contributes to passenger revenue, but its revenue is embedded within the broader passenger revenue account of Indian Railways. A comprehensive national standalone profit figure is therefore not available from the main public budget documents.
- Indian Railways remains structurally dependent on freight revenue. This means Vande Bharat should be analysed as one component of a diversified railway financial system rather than as the primary source of railway finance.

- The economic benefits of Vande Bharat include travel-time savings, improved connectivity, tourism, employment, domestic manufacturing and potential shifts from road and air travel.
- The major fiscal risk is not necessarily the trainset itself but the cumulative life-cycle cost of infrastructure, maintenance and capacity expansion.
- Route selection is therefore crucial. Services with strong occupancy, high time savings and strategic connectivity are more likely to generate sufficient economic value.
- Affordable railway services remain important. A balanced public investment policy should ensure that premium modern trains complement rather than displace affordable mass transportation.

➤ Limitations of the Study

- Route-wise capital and operating costs are not fully disclosed in consolidated public documents.
- Vande Bharat revenue is subsumed within Indian Railways passenger revenue rather than reported as a standalone national profit-and-loss account.
- Some 2026–27 figures are Budget Estimates rather than audited actuals.
- Indirect economic benefits are difficult to monetise precisely.
- Passenger occupancy and service counts can change during the financial year.

➤ Suggestions

- Adopt route-wise life-cycle cost analysis before introducing additional Vande Bharat services. The

appraisal should include rolling stock, infrastructure, energy, maintenance and staff costs.

- Use a multi-criteria route selection model that combines passenger demand, occupancy, travel-time savings, economic importance, tourism potential and infrastructure readiness.
- Publish more detailed performance indicators for Vande Bharat at an aggregated level, including occupancy, punctuality, energy use, maintenance cost and passenger revenue. Greater transparency would improve public evaluation of the investment.
- Strengthen last-mile connectivity. A fast train creates greater economic value when passengers can efficiently reach stations and their final destinations.
- Coordinate Vande Bharat expansion with track capacity projects. Additional services should not create congestion that reduces the performance of the wider railway network.
- Continue investment in Kavach and other safety systems before increasing operating speeds on additional routes.
- Maintain a balanced passenger strategy. Premium Vande Bharat services should be complemented by affordable Amrit Bharat and conventional services so that modernisation remains socially inclusive.
- Encourage domestic manufacturing and component localisation to maximise the industrial benefits of railway capital expenditure.
- Use passenger feedback and route-level demand data for timetable and frequency decisions.

➤ Conclusion

- Vande Bharat Express represents an important stage in the transformation of Indian Railways. Its significance extends beyond the visible trainset because it is connected with railway infrastructure, domestic manufacturing, passenger mobility, safety technology and regional economic development. The Union Budget 2026–27 provides an exceptionally large capital envelope for Railways, creating the fiscal capacity to continue this transformation.
- The analysis shows that Vande Bharat has achieved strong passenger acceptance. The approximately 34 percent increase in passenger journeys in FY2025–26 and the expansion to 162 chair-car and two sleeper services indicate that the service has become an established component of Indian inter-city travel. Strong occupancy on the new sleeper service also suggests potential for expansion into longer-distance markets.
- Nevertheless, fiscal evaluation should not confuse popularity with profitability. Public investment decisions require consideration of full life-cycle cost, infrastructure requirements, maintenance and opportunity cost. Since Vande Bharat revenue is incorporated within the broader passenger revenue system, route-level financial performance should be assessed through detailed internal railway analysis and, where appropriate, transparent aggregate reporting.
- The most appropriate conclusion is that Vande Bharat can be fiscally and economically justified when it is

introduced on corridors where passenger demand is strong, journey-time savings are significant, infrastructure can support reliable operations, and the wider social and economic benefits are substantial. The programme should therefore continue, but through evidence-based route selection and life-cycle financial planning.

- Ultimately, the success of railway modernisation should be measured by a combination of financial discipline, passenger value, safety, accessibility, economic productivity and environmental sustainability. Vande Bharat is an important part of that strategy, but it should remain integrated with the wider objectives of Indian Railways: safe, affordable, efficient and inclusive mobility for the country.

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APPENDIX – KEY DATA USED IN THE ANALYSIS**➤ Selected Online Sources**

- Union Budget 2026–27 – Ministry of Finance, Government of India: <https://www.indiabudget.gov.in/>
- Ministry of Railways / Press Information Bureau: <https://www.pib.gov.in/>
- Comptroller and Auditor General of India: <https://cag.gov.in/>
- PRS Legislative Research: <https://prsindia.org/>

Indicator	Value	Year/Period	Source category
Railway net capital provision	₹2,77,830 crore	2026–27 BE	Union Budget / Demand for Grants
Broader railway budget grant/capex	₹2,93,030 crore	2026–27	Government/PIB
New track construction allocation	₹1,072 crore	2026–27	PIB / Ministry of Railways
Safety expenditure	₹1,20,389 crore	2026–27	PIB / Ministry of Railways
Internal railway revenue	₹3.02 lakh crore	2026–27 BE	PRS analysis
Freight revenue	₹1.89 lakh crore	2026–27 BE	PRS analysis
Passenger revenue	₹87,300 crore	2026–27 BE	PRS analysis
Vande Bharat passengers	3.98 crore	FY2025–26	Ministry of Railways / PIB
Vande Bharat passengers	62 crore	FY2024–25	Ministry of Railways / PIB
Vande Bharat services	162 chair-car + 2 sleeper	2026	Ministry of Railways / PIB
Vande Bharat cumulative passengers	Over 9.1 crore	Since inception	Ministry of Railways / PIB
Vande Bharat sleeper passengers	1.21 lakh / 119 trips	First three months of 2026	Ministry of Railways / PIB
Railway electrification	99.6%	July 2026	Government of India